CITY OF HUBBARD
BUDGET COMMITTEE MEETING MINUTES
MAY 5, 2020

CALL TO ORDER. The Budget Committee Meeting was called to order by City Council President James Audritsh at 6:38 p.m. virtually through ZOOM because of COVID-19.

FLAG SALUTE. Led by City Council President James Audritsh.

Budget Committee Members Present: Budget Committee Chairperson Joan Viers, Budget Committee Member Ally Sobo, Budget Committee Member James Yonally, City Councilor Robert Prinslow, City Councilor Michelle Dodge, City Councilor James Audritsh, and City Councilor Tyler Thomas.

Excused: Mayor Charles Rostocil.

Staff Present: Public Works Administrative Manager Melinda Olinger, Director of Administration/City Recorder Vickie Nogle, Finance Director Judy Smith, Public Works Superintendent Mike Krebs, Police Chief Dave Rash, and Administrative Assistant Julie Hedden.

ELECT BUDGET COMMITTEE CHAIR. MSA/Budget Committee Member Ally Sobo/Budget Committee Member Joan Viers motioned to appoint James Yonally as the Budget Committee Chairperson. Budget Committee Joan Viers; Budget Committee Member James Yonally; Budget Committee Member Ally Sobo, City Councilor James Audritsh, City Councilor Tyler Thomas, City Councilor Michelle Dodge; City Councilor Robert Prinslow in favor. Motion carried unanimously.

RECEIVE BUDGET MESSAGE. Finance Director Judy Smith gave the Budget Message. She stated that COVID-18 has impacted the Hubbard Citizens and kept everyone at home except first responders and essential employees. Municipal Court revenues have declined due to the restrictions, and courts have been pushed out to June/July 2020. She stated the Utility billings have been steady, but with more Citizens on the "Stay at Home" order, collections have been slow but steady. The City has helped to ease the burden by not shutting off water services for non-payment and documenting payment arrangements for citizens who cannot pay the full amount all at once.

J. Smith stated the gross proposed tax levy for Fiscal Year 2020-2021 is $ 927,223.00, reflecting the City's permanent tax rate of $3.9921 per $1,000 applied against the estimated assessed value of $241,294,435 which includes a 3.5 % estimated growth increase. The property tax revenue estimate of $963,272, included in the budget, is approximately 4% less than the levy amount in order to accommodate the effect of delinquent payments and discounts.

J. Smith stated the Budget was prepared with all departments fully staffed. The proposed cost of living increase adjustment (COLA) for the 2020-2021 salary schedule is 2.69 % applied to all full time positions. Estimated increase to Personnel Services are slightly higher than last year due to departments being fully staffed, annual step increases, the COLA increase, and the increases to PERS and employee benefits. Overtime pay is budgeted in each department to reduce the accumulation of compensatory, holiday, and vacation time in excess of the maximum allowed.

Overtime pay continues to be budgeted in the Police Department for the Annual Hop Festival security and work related to Traffic Safety Grants. Additional overtime pay is budgeted to reduce the accumulation of compensatory, holiday and vacation time in excess of the maximum allowed. In the Public Works Departments salaries include 'stand by pay', which is equivalent to 8 hours of straight pay per week, and overtime pay to help offset the accumulation of compensatory, holiday, and vacation time in excess of the maximum allowed.

J. Smith stated the City has entered into an Intergovernmental Agreement with Marion County called the Community Prosperity Initiative. This agreement is for a three-year period ending June 30, 2022, and the total amount received under this agreement will be $45,000 and will be distributed in $15,000 payments for each year of the agreement. During February 2020 the City received the first installment of $15,000 and is working with the City Council on developing a Goal Setting/Strategic Plan process in FY 2020-2021.

J. Smith stated included in the FY 2020-2021 budget is a proposed fleet plan for the Police Vehicles. A fleet program would lower maintenance expenditures, and vehicles would be rotated on a regular basis to have newer more reliable vehicles available to our Police and City employees.

PUBLIC HEARING.

A. STATE SHARED REVENUES.

Budget Committee Chairperson James Yonally opened the 2020-21 Budget Hearing on State Shared Revenues at 6:57 p.m.

Finance Director Judy Smith read the memo for State Shared Revenues. She said the State Shared Revenues may be used for general government purposes and are budgeted in the general fund. Cigarette Tax revenue has been on a slight decline from the last 3 years and there is a slight increase for Liquor Tax revenues. State Shared revenues for state and local retail taxes of marijuana are included in the 2020-2021 budget and the City is budgeting $50,000 combined State and Local Marijuana Tax revenue.

Budget Committee Chairperson James Yonally asked for comments and questions from the Budget Committee. There were none.

Budget Committee Chairperson James Yonally asked for comments and questions from the Public. There were none.

Budget Committee Chairperson James Yonally closed the State Shared Revenue section of the Public Hearing at 7:02 p.m.

B. 2020-21 BUDGET.

Budget Committee Chairperson James Yonally opened the Public Hearing for the 2020-2021 Budget at 7:02 p.m.

Budget Committee Chairperson James Yonally for comments.

Budget Committee Chairperson James Yonally stated that on Page 1 of the Proposed Budget there is $97,150 listed as Miscellaneous and asked what kind of miscellaneous resources are included and not identified there.

Finance Director Judy Smith said the $97,150 is combined with all of the city funds which includes various miscellaneous revenue that is received. If you look, as an example, on page 20 there is miscellaneous revenue and this is just for the General Fund but other funds have the same, and interest income makes up the most of the $97,000, but there is also surplus property sales.

Budget Committee Chairperson James Yonally asked what the surplus property that sold was.

Finance Director said it was a truck that sold last year but it could be various equipment that needs to be replaced and has recycled parts. This year it is showing $250 because that is what they are expecting to receive from any surplus property that is sold.

Budget Committee Chairperson James Yonally stated on Page 23, it shows advertising and recruitment of $2000 and asked if we are expecting any personnel losses or is the figure a just in case figure.

Police Chief Dave Rash said we are not expecting any officers to leave, but it is possible that an officer could look for other employment. He stated that has been a line item for the last budget cycles, and there are other things that are advertised such as vehicles to be auctioned off.

Budget Committee Chairperson James Yonally asked about Row Permits and what they are under the Street Fund Detail.

Director of Administration/City Recorder Vickie Nogle said that they were Right-of-Way permits.

Budget Committee Chairperson James Yonally asked Police Chief Dave Rash about clarification on the Vehicle Leases and their cost on the statement that he supplied in addition to the Budget. It states that we can lease three police vehicles for approximately $45,000 to $50,000 and is this per year or per three years?

Police Chief Dave Rash said the lease program broken up would be to lease one car for 3 years, one car for 4 years, and one car for 5 years. He stated if we lease them all for 3 years that amount would significantly go up, and if we leased them all for 5 years it would go down. D. Rash said he would like to be able to get one car a year until we can stabilize the fleet.

Budget Committee Chairperson James Yonally asked what it would be per car, per year what the lease cost would be.

Director of Administration/City Recorder Vickie Nogle referred to the very back of the packet which is the memo from Police Chief Dave Rash that explains the lease program.

Police Chief Dave Rash said the first car that is the 3-year car is about $17,000 and then the next one goes down. He stated the lease for each car is roughly $50,000 which includes the license,

sirens, cages, prisoner seats, etc. Furthermore, he said that they will transition the radios out of the other cars that are currently in use.

City Council President James Audritsh asked if the $50,000 included all the maintenance on the 3 leased vehicles.

Police Chief Dave Rash said that it does not include the maintenance, but they are new cars so they will be warranted, but if something breaks down outside of what is on the warranty, we will be liable to get it fixed. He stated if a car gets in a traffic accident that is on a lease program that we may have to pay off the car.

City Council President James Audritsh said Finance Director Judy Smith brought up the lease program at a City Council meeting and the City Council asked her to research it and see if this was a viable solution to us having to continually paying out so much money to keep these older vehicles in service. He stated they have been told that leasing is what a lot of departments are doing, and they are seeing a huge savings.

City Councilor Tyler Thomas said he has spoken with other agencies and they have all told him that this leasing program is the most efficient way to go long term.

Police Chief Dave Rash said the first car on the lease will be paid for in 3 years and then they will the option to keep it or to turn it back in. He stated his goal is to keep it and then start a lease on another car so they will always be paying $50,000 a year to keep the fleet maintenance.

City Council President James Audritsh asked if this program was looked at for Public Works also.

Finance Director Judy Smith said they did but Public Works did not think it was a good plan for them.

Public Works Superintendent Mike Krebs said the reason it was not a good plan was that Public Works keeps vehicles much longer that the Police Department and the cost is lower to buy them out right.

Budget Committee Member Joan Viers asked why we could not have insurance so that if a leased car is destroyed, that it would be covered.

Finance Director Judy Smith said there is some insurance coverage, but it is only partial coverage, we would have to total out the vehicle and then receive what the insurance said would be the dollar amount.

Budget Committee Chairperson James Yonally asked about the widening of Pacific Highway 99E and we were a guarantor of that Grant money, if it has been resolved.

Director of Administration/City Recorder Vickie Nogle said that it has been resolved and the file has been closed.

City Council President James Audritsh asked if there was enough adequate funding in Public Works and Parks to show the Citizens their money is going back into the community instead of just payroll.

Public Works Superintendent Mike Krebs said they are still working on the projects they started this year such as the paving of 5th Street between G & J, and are hoping to have enough money left to do paving between F & G. He stated they are also moving ahead on the sidewalk project on G Street going over the Railroad tracks, and have about $175,000 in the street fund to be able to do the projects they have been looking at and if there is money left over they will take a look at other projects.

City Council President James Audritsh asked if that is enough and if there is enough padding in there to deal with things that might come up in 6 – 8 months.

Public Works Superintendent Mike Krebs said he is not sure and depends on how much the contractor's proposals are that will determine how much will be left over.

City Councilor Michelle Dodge said it looks like the asphalt is cracking on the west side of the tracks on G Street, and she was wondering if the area the railroad company is asking to be extended would cover it.

Public Works Superintendent Mike Krebs said he was not sure and would need to look at it.

City Council President James Audritsh said he just wants to make sure there are funds to address projects that might come up that need to be done.

Public Works Superintendent Mike Krebs said it will be narrow, he does not think there will be a lot left over once the 2 projects are completed.

Director of Finance Judy Smith said there is a small amount of contingency and some reserved for future expenditures, but those will need to be a supplemental budget.

City Councilor Michelle Dodge referred to Page 37, the amount for that is showing for the Reserve for Future Expenditures is showing 0 in 2020 and asked why.

Finance Director Judy Smith said this was a mistake she had found that the consultant had done. She stated that Contingency is 15% of the Fund Balance and the Consultant had all of the funds in Contingency for the 2020 budget which was wrong, but it was balanced so it passed. J. Smith said the Contingency amount is going to be what we have to survive on until the property taxes come in and if we have to dip into the Reserve for Future Expenditures, which will need to be a supplemental budget.

City Council President James Audritsh said we would pretty much have to dip into it because we cannot last on $19,000.

Finance Director Judy Smith said that is only the Sewer Construction Fund on page 37, so you would have to turn back to the General Fund to see that amount as well.

City Councilor Michelle Dodge asked if we ever reallocate funds without having to re-approve the budget, or if it is ever done with approval during the meeting.

Director of Finance Judy Smith said within the materials and services you can, and within the personnel services you can. She stated within the General Fund you can transfer within the fund.

Budget Committee Chairperson James Yonally said it sounds like the answer is that it all depends, certain line items you can but others you have to do with a supplemental budget.

City Councilor Michelle Dodge said she was looking at the Contingency and Reserve for Future Expenditures for 2020, if that is something that could be reallocated, so it looks correct.

Finance Director Judy Smith said the Reserve for Future Expenditures requires a supplemental budget.

Budget Committee Joan Viers asked what the $ 15,000 ECO Dev Comm Project on page 19 was.

Finance Director Judy Smith said that is the Grant money that she spoke about in the Budget Message.

City Councilor Robert Prinslow referred to page 31 in the 20-21 budget there is a line item for the City Hall Carpet, he said he thought that had come out of the current budget.

Finance Director Judy Smith said it was not adopted in the current budget for this fiscal year and the City Hall carpet project has not been started yet, it is to be started in the New Year, 2021.

City Councilor Robert Prinslow said his understanding was Public Works had already been getting quotes and trying to get it taken care of.

Public Works Superintendent Mike Krebs said that have been getting quotes but the hold up is that he needs to sit down with Finance Director Judy Smith and discuss how it is going to be paid for. He stated we are $15,000 short in the 2020 budget, we had $15,000 in the 2020 budget but it looks like we only have $10,000 in the 2021 budget. M. Krebs said there needs to be a total of approximately $30,000 to get both the carpet and painting completed.

Director of Administration/City Recorder Vickie Nogle, MMC said originally the carpet was a project and the painting inside of City Hall was going to be donated, someone was going to get volunteers to come in and paint, but that is not happening now.

Public Works Superintendent Mike Krebs concurred.

Public Works Superintendent Mike Krebs said they went out and got bids, and the bid for the painting is approximately $8000, the bid for the carpet is approximately $17,000, and approximately $3000 for the IT personnel to handle the computer equipment.

Finance Director Judy Smith said the $10,000 is budgeted to cover $5000 plus any essentials over and above.

Budget Committee Chairperson James Yonally said the amount that Public Works Superintendent stated totals $28,000, but there is only a proposed amount of $10,000 showing in that line item, so where can the rest of the money for the project be found in the budget.

Finance Director Judy Smith said there is $15,000 that rolls over into the line item from previous years of savings; this is an added $10,000 to that $15,000.

Director of Administration/City Recorder Vickie Nogle stated that on page 31, the Reserve Fund ending fund balance does not show any transfers going into the line items.

Finance Director Judy Smith said the numbers provided were taken from the prior year's spreadsheet that she was provided with from the consultant. She said it is her understanding that the $10,000 for the carpet is in addition to the $15,000 that is already in there.

Director of Administration/City Recorder Vickie Nogle said if that is the case, then you are transferring out another $21,371 from the Public Works pickup to go into the pickup fund. She stated there is something that is confusing going on with the Reserve Fund.

City Council President James Audritsh said it looks very confusing and we should show the $15,000 sitting somewhere.

Finance Director Judy Smith said it ends up back down into the Fund Balance in Reserve for Future Expenditures. She stated Reserve Fund is actually a Savings Account. J. Smith said she would have to go back and look at that to justify the numbers that she was given from the Departments. J. Smith said it looks like Director of Administration/City Recorder Vickie Nogle is probably right and we may need to increase the City Hall carpet to the $15,000 that is shown on the spreadsheet which balances with audit.

Director of Administration/City Recorder Vickie Nogle said she also thinks the same thing will need to be done with the siding because it is not included. She stated the Reserve Fund section needs to be revisited.

Finance Director Judy Smith said she agrees and the Department Heads need to come together and verify what the spreadsheet was before she took it over.

City Council President James Audritsh asked if that was something that could be tabled for tonight and get back to it at the next meeting.

Finance Director Judy Smith said that it could be tabled until the next meeting, May 18th.

Budget Committee Chairperson Jim Yonally said the Reserve Funds will be looked at held over until the next meeting.

Budget Committee Chairperson Jim Yonally continued the Public Hearing at 7:46 p.m on the FY 2020 – 2021 Budget to the May 18, 2020, meeting at 6:30 p.m.

COMMITTEE APPROVES THE TAX LEVY AMOUNT. MSA/City Council President James Audritsh / City Councilor Michelle Dodge made a motion to approve the Tax Levy of

3.9921 per 1000 assessed. Budget Committee Member Joan Viers, Budget Committee Chairperson Jim Yonally, Budget Committee Member Ally Sobo, City Council President James Audritsh, City Councilor Michelle Dodge, City Councilor Robert Prinslow, and City Councilor Tyler Thomas were in favor. Motion carried unanimously.

COMMITTEE APPROVES THE BUDGET FOR FY 2020-2021. Budget Committee Chairperson Jim Yonally said the Budget Public Hearing will be set over to May 18, 2020, to further review the Reserve Fund detail on page 31.

ADJOURNMENT. MSA/ City Council President James Audritsh / Budget Committee Member Joan Viers moved to adjourn the Budget Committee Meeting at 7:49 p.m. Budget Committee Memeber Joan Viers, Budget Committee Chairperson Jim Yonally, Budget Committee Member Ally Sobo, City Councilor James Audritsh, City Councilor Tyler Thomas, City Councilor Robert Prinslow, City Councilor Michelle Dodge in favor. Motion carried unanimously.

Charles Rostocil, Mayor and/or James Audritsh, Council President

ATTEST:

Vickie L. Nogle, MMC, Director of Administration/City Recorder

Julie Hedden, Administrative Assistant, Transcribing/ Recording